



***Substitute Senate Bill No. 333***

***Public Act No. 16-93***

***AN ACT CONCERNING THE FOUNDATION OF THE UNIVERSITY OF CONNECTICUT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 4-37f of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2017*):

The executive authority of each state agency for which a foundation is established shall, in accordance with a policy adopted by the board of trustees of the constituent unit for each state agency which is a constituent unit or which is a public institution of higher education under the jurisdiction of the constituent unit, ensure that, or the executive authority of each state agency for which a foundation is established for the principal purpose of coordinated emergency recovery shall ensure that:

(1) The foundation shall have a governing board to oversee its operation;

(2) If the state agency is a constituent unit, the following persons shall serve as nonvoting members of the governing board of the foundation unless the bylaws of the foundation provide that they be voting members: The executive authority of the constituent unit, or his designee, a student enrolled at an institution under the jurisdiction of

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the constituent unit, who shall be elected by the students enrolled at the institutions under the jurisdiction of the constituent unit, and a member of the faculty of any such institution, who shall be elected by the faculty of the institutions under the jurisdiction of the constituent unit. Elections pursuant to this subdivision shall be conducted in accordance with procedures for such elections established by the board of trustees of the constituent unit;

(3) If the constituent unit is the [Board of Trustees of the Community-Technical Colleges or the Board of Trustees of] regional community-technical colleges or the Connecticut State University System, the purposes of the foundation shall be limited to providing funding for (A) scholarships or other direct student financial aid, and (B) programs, services or activities at one or more of the institutions within its jurisdiction;

(4) If the state agency is a public institution of higher education, the following persons shall serve as nonvoting members of the governing board of the foundation unless the bylaws of the foundation provide that they be voting members: The executive authority of the institution, or his designee, a student enrolled at the institution, who shall be elected by the students enrolled in the institution and a member of the faculty of the institution, who shall be elected by the faculty of the institution. Elections pursuant to this subdivision shall be conducted in accordance with procedures for such elections established by the board of trustees of the constituent unit which has jurisdiction over the institution;

(5) The governing board of the foundation shall annually file with the state agency an updated list of the members and officers of such board;

(6) The salaries, benefits and expenses of officers and employees of the foundation shall be paid solely by the foundation;

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(7) The foundation shall use generally accepted accounting principles in its financial record-keeping and reporting and shall not engage in any prohibited act, as described under section 21a-190h of the Solicitation of Charitable Funds Act;

(8) A foundation which has in any of its fiscal years receipts and earnings from investments totaling one hundred thousand dollars per year or more, or a foundation established for the principal purpose of coordinated emergency recovery that operated in response to an eligible incident, as defined in section 4-37r, during the fiscal year or with funds that exceeded one hundred thousand dollars in the aggregate, shall have completed on its behalf for such fiscal year a full audit of the books and accounts of the foundation. A foundation which has receipts and earnings from investments totaling less than one hundred thousand dollars in each fiscal year during any three of its consecutive fiscal years beginning October 1, 1986, shall have completed on its behalf for the third fiscal year in any such three-year period a full audit of the books and accounts of the foundation, unless such foundation was established for the principal purpose of coordinated emergency recovery and had completed on its behalf such an audit for any year in any such three-year period. For each fiscal year in which an audit is not required pursuant to this subdivision financial statements shall be provided by the foundation to the executive authority of the state agency. Each audit under this subdivision shall be conducted (A) by an independent certified public accountant or, if requested by the state agency with the consent of the foundation, the Auditors of Public Accounts, and (B) in accordance with generally accepted auditing standards. [The audit report shall include financial statements, a management letter and an audit opinion which address the] The auditor shall submit (i) a report that includes an opinion regarding the financial statements and a management letter, and (ii) a report that includes an opinion on conformance of the operating procedures of the foundation with the provisions of sections 4-37e to 4-

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37i, inclusive, and [recommend] recommendations for any corrective actions needed to ensure such conformance. Each audit report shall disclose the receipt or use by the foundation of any public funds in violation of said sections or any other provision of the general statutes. The foundation shall provide a copy of each audit report completed pursuant to this subdivision to the executive authority of the state agency and the Attorney General. Each financial statement required under this subdivision shall include, for the fiscal year to which the statement applies, the total receipts and earnings from investments of the foundation and the amount and purpose of each receipt of funds by the state agency from the foundation. As used in this subdivision, "fiscal year" means any twelve-month period adopted by a foundation as its accounting year;

(9) If the state agency is The University of Connecticut and the foundation has an endowment fund with a market value that is greater than one million five hundred thousand dollars, the foundation shall annually provide the following, in accordance with the provisions of section 11-4a, to the joint standing committee of the General Assembly having cognizance of matters relating to higher education, the speaker of the House of Representatives, the president pro tempore of the Senate, the majority leader of the House of Representatives, the majority leader of the Senate, the minority leader of the House of Representatives and the minority leader of the Senate: (A) A list of the current members and officers of the governing board of the foundation; (B) a copy of the most recent annual report of the foundation; (C) a copy of the most recent audited financial statements, management letter and audit reports of the foundation that are required under subdivision (8) of this section; (D) a copy of the written agreement between the state agency and the foundation that is required under subdivision (10) of this section; (E) a copy of the written policy required under section 4-37j; (F) a copy of any conflicts of interest policy of the foundation; (G) a copy of the foundation's most

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recently filed Internal Revenue Service form 990, including all parts and schedules that are required to be made available for public inspection under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time; (H) a copy of the bylaws of the foundation; (I) a report of the total number and average size of disbursements made to each public institution of higher education for (i) undergraduate and graduate scholarships, fellowships and awards, (ii) program and research support, (iii) equipment, and (iv) facilities construction, improvements and related expenses; (J) as to any employee of the public institution of higher education for whom the foundation contributes some or all of the salary, wages or fringe benefit expenses, a report listing the position of each such employee and, for each position, the amount of the financial reimbursement by the foundation to the public institutions of higher education for such employee's salary, wages or fringe benefit expenses; (K) the identity of any person, firm, corporation or other entity donating funds or other things of value to the foundation, unless the donor has requested that such donor's identity not be publicly disclosed; and (L) a list of all deanships, professorships, chairs, schools, institutes, centers or facilities of the state agency that were named in recognition of foundation donors upon the approval of the board of trustees of the state agency during the preceding fiscal year. The information delivered under this subdivision shall constitute a public record and shall be disclosed in accordance with the Freedom of Information Act, as defined in section 1-200. Nothing in this subdivision shall require the disclosure of the identity of any person, firm, corporation or other entity that donated or made a commitment to donate funds or other things of value to the foundation prior to the effective date of this section;

[~~(9)~~] (10) There shall be a written agreement between the state agency and the foundation [~~which~~] that (A) addresses any use by the

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foundation of the agency's facilities and resources including, but not limited to, office space, storage space, office furniture and equipment, utilities, photocopying services, computer systems and the maintenance by the state agency of the books and records of the foundation, provided any such books and records maintained by the state agency shall not be deemed to be public records and shall not be subject to disclosure pursuant to the provisions of section 1-210, (B) provides that the state agency shall have no liability for the obligations, acts or omissions of the foundation, (C) requires the foundation to reimburse the state agency for expenses the agency incurs as a result of foundation operations, if the agency would not have otherwise incurred such expenses, (D) in the case of foundations established for a constituent unit of the state system of higher education or for a public institution of higher education, requires the foundation to establish and adhere to an investment policy and a spending policy that are consistent with sections 45a-535 to 45a-535i, inclusive, [and] (E) on and after July 1, 2017, if the state agency is The University of Connecticut, provides that (i) the total cash compensation to be paid in a fiscal year by the state agency to the foundation shall decrease from the amount paid in the preceding fiscal year or the amount paid in the fiscal year ending June 30, 2016, whichever is greater, by (I) one million dollars when the market value of the foundation's endowment fund as of January first of the preceding fiscal year is equal to or greater than five hundred million dollars but less than seven hundred million dollars, (II) one million five hundred thousand dollars when the market value of such fund as of January first of the preceding fiscal year is equal to or greater than seven hundred million dollars but less than nine hundred million dollars, or (III) three million dollars when the market value of such fund as of January first of the preceding fiscal year is equal to or greater than nine hundred million dollars but less than one billion two hundred fifty million dollars, (ii) no cash compensation shall be paid by the state agency to the foundation when the amount in such

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foundation's endowment fund as of January first of the preceding fiscal year is equal to or greater than one billion two hundred fifty million dollars, and (iii) if the market value of the foundation's endowment fund as of January first of the preceding fiscal year decreases below any of the thresholds stated in subclause (I), (II) or (III) of clause (i) of this subparagraph, then the amount of the cash payment to the foundation shall be increased to equal the same amount that was paid to the foundation prior to exceeding the threshold in subclause (I), (II) or (III) of clause (i) of this subparagraph, until the July first following a January first on which the market value of the foundation's endowment fund again exceeds such threshold, (F) on and after July 1, 2017, requires the foundation to use reasonable efforts to raise gifts and commitments each fiscal year for student support, including, but not limited to, scholarships, assistantships, fellowships, awards and prizes, that equal not less than fifteen per cent of the total amount of all gifts and commitments raised by the foundation in the same fiscal year, and (G) provides that if the foundation ceases to exist or ceases to be a foundation, as defined in section 4-37e, (i) the foundation shall be prohibited from using the name of the state agency, (ii) the records of the foundation, or copies of such records, shall be made available to and may be retained by the state agency, provided any such records or copies which are retained by the state agency shall not be deemed to be public records and shall not be subject to disclosure pursuant to the provisions of section 1-210, and (iii) there are procedures for the disposition of the financial and other assets of the foundation. If the state agency is a constituent unit, the board of trustees of the constituent unit shall approve such agreement. If the state agency is a public institution of higher education, the board of trustees of the constituent unit which has jurisdiction over the institution shall approve such agreement; and

[(10)] (11) If the foundation is established for the principal purpose of coordinated emergency recovery, the Department of Emergency

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Services and Public Protection shall be deemed the state agency for purposes of this section, and the deputy commissioner of said department with jurisdiction over the Division of Emergency Management and Homeland Security shall be deemed the executive authority for purposes of this section.

Approved May 31, 2016